

LAW OFFICES OF
LOUIS E. GITOMER

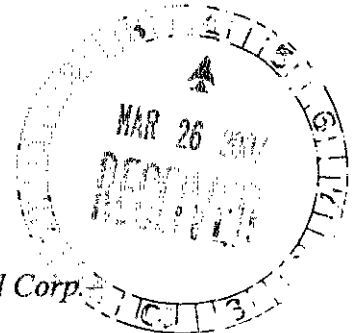
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March 26, 2007

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423



RE: Finance Docket No. 35013, *Patriot Rail, LLC and Patriot Rail Corp.*
Control Exemption-Rarus Railway Company

Dear Secretary Williams:

Enclosed for filing are the original and 10 copies of a Verified Notice of Exemption under 49 C.F.R. 1180.2(d)(2), a check covering the \$1,100.00 filing fee, 20 additional maps, along with file Notice of Exemption.doc on a CD.

Please time and date stamp the extra copy of this letter and the Verified Notice of Exemption and return them with our messenger. Thank you for your assistance.

If you have any questions, please call or email me.

Sincerely yours

Louis E. Gitomer
Attorney for: Patriot Rail, LLC and
Patriot Rail Corp.

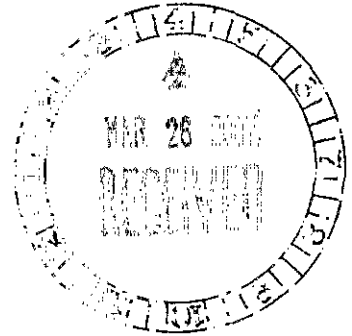
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MAR 26 2007
SURFACE
TRANSPORTATION BOARD

Enclosures

FEE RECEIVED
MAR 26 2007
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Office of Proceedings
MAR 27 2007
Part of
Public Record

BEFORE THE
SURFACE TRANSPORTATION BOARD



Finance Docket No. 35013

PATRIOT RAIL, LLC AND PATRIOT RAIL CORP.
-CONTROL EXEMPTION-
RARUS RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION

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Towson, MD 21204
(202) 466-6532

Attorney for PATRIOT RAIL, LLC and
PATRIOT RAIL CORP.

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TRANSPORTATION BOARD

Dated: March 26, 2007

FILED
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BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 35013

PATRIOT RAIL, LLC AND PATRIOT RAIL CORP.
-CONTROL EXEMPTION-
RARUS RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION

Patriot Rail, LLC ("PRL") and its subsidiary Patriot Rail Corp. ("Patriot"), pursuant to 49 C.F.R. §§ 1180.2(d)(2) and 1180.4(g), file this Verified Notice of Exemption from the prior approval requirements of 49 U.S.C. §§ 11323-11325 to permit PRL and Patriot to acquire control of the stock of and thereby control Rarus Railway Company ("Rarus"), a Class III railroad.

a. **1180.6(a)(1)(i).** A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

Patriot Rail, LLC and Patriot Rail Corp., One Boca Place One, 2255 Glades Road, Suite 342W, Boca Raton, FL 33431, (561) 443-5300, through Patriot Acquisition Corporation, a wholly owned subsidiary of Patriot with the same address as Patriot ("PAC"), has agreed to acquire 100% of the outstanding stock of Rarus Railway Company, 300 West Commercial Avenue, Anaconda, MT 59711, (406) 563-5458, a class III rail carrier.

PRL is a non-carrier limited liability company that owns 51% of the stock of Patriot. Patriot is a non-carrier holding company that owns 100% of the stock of the Tennessee Southern Railroad Company ("TSRR"), a class III rail carrier, which was acquired in November 2006. Patriot also owns 100% of the stock of PAC. PAC is a holding company that will acquire and

own the stock of Rarus. PAC does not control TSRR or any other railroad, and therefore does not require authority to acquire the stock of Rarus.

PAC will acquire 100% of the outstanding stock of Rarus pursuant to the Amended and Restated Stock Purchase Agreement filed under seal in Exhibit B. Through its control of PAC, Patriot will acquire indirect control of Rarus. Through its control of Patriot, PRL will acquire indirect control of Rarus. PRL and Patriot as non-carriers that control one rail carrier (TSRR) and are seeking to acquire the control of a second rail carrier (Rarus) require advance Surface Transportation Board (the "Board") authorization for the transaction pursuant to 49 U.S.C. §11323(a)(5).

TSRR operates a 118-mile railroad line between Columbia and Pulaski, TN and between Columbia, TN and Florence, AL. See the Map in Exhibit A. Rarus operates a 25.7-mile railroad line between Butte, MT and Anaconda, MT. TSRR and Rarus do not connect. The acquisition of control of Rarus by PRL and Patriot is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family. The control of Rarus by PRL and Patriot does not involve a Class I carrier. As a result of the transaction, there will not be substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States. As described, the transaction meets the criteria for a notice of exemption under 49 C.F.R. §1180.2(d)(2).

Counsel to whom questions concerning the transaction can be addressed is: Louis E. Gitomer, Esq., Law Offices of Louis E. Gitomer, 600 Baltimore Avenue, Suite 301, Towson, MD 21204, (202) 466-6532.

b. **1180.6(a)(1)(ii).** The proposed time schedule for consummation of the proposed transaction.

PAC intends to acquire the stock of Rarus on or about April 30, 2007, and thereby PRL and Patriot will acquire control of Rarus on April 30, 2007, or thereafter.

c. **1180.6(a)(1)(iii).** The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving the financial viability of the applicants.

The management of PRL and Patriot has successfully managed short line railroads for more than a decade. PRL and Patriot intend to use their management's experience and expertise in operating short line railroads and its purchasing power to affect operating efficiencies for Rarus, to improve Rarus's service to shippers, and to strengthen the financial viability of Rarus.

d. **1180.6(a)(5).** A list of the State(s) in which any part of the property of each applicant carrier is situated.

TSRR operates in the States of Tennessee and Alabama. Rarus operates in the State of Montana.

e. **1180.6(a)(6). Map (Exhibit A).** Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed. If a geographically limited transaction is proposed, a map detailing the transaction should also be included. In addition to the map accompanying each application, 20 unbound copies of the map shall be filed with the Board.

See Exhibit A.

f. **1180.6(a)(7)(ii). Agreement (Exhibit B).** Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.

Under the Amended and Restated Stock Purchase Agreement, PAC will acquire the stock of Rarus. The Amended and Restated Stock Purchase Agreement is being filed under seal as Confidential Exhibit B pursuant to a concurrently filed Motion for Protective Order.

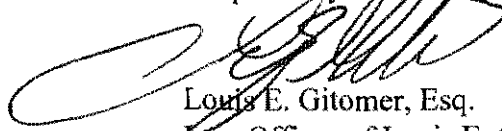
g. Labor Protection.

TSRR and Rarus are both class III railroads. As such, under 49 U.S.C. § 11326(c), labor protection does not apply to this transaction.

h. Environmental and Historical documentation.

This transaction qualifies for classification under 49 C.F.R. §1105.6(c)(2) and thus neither an Environmental Report nor a Historic Report is required to be filed.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Louis E. Gitomer", is written over the typed name and address.

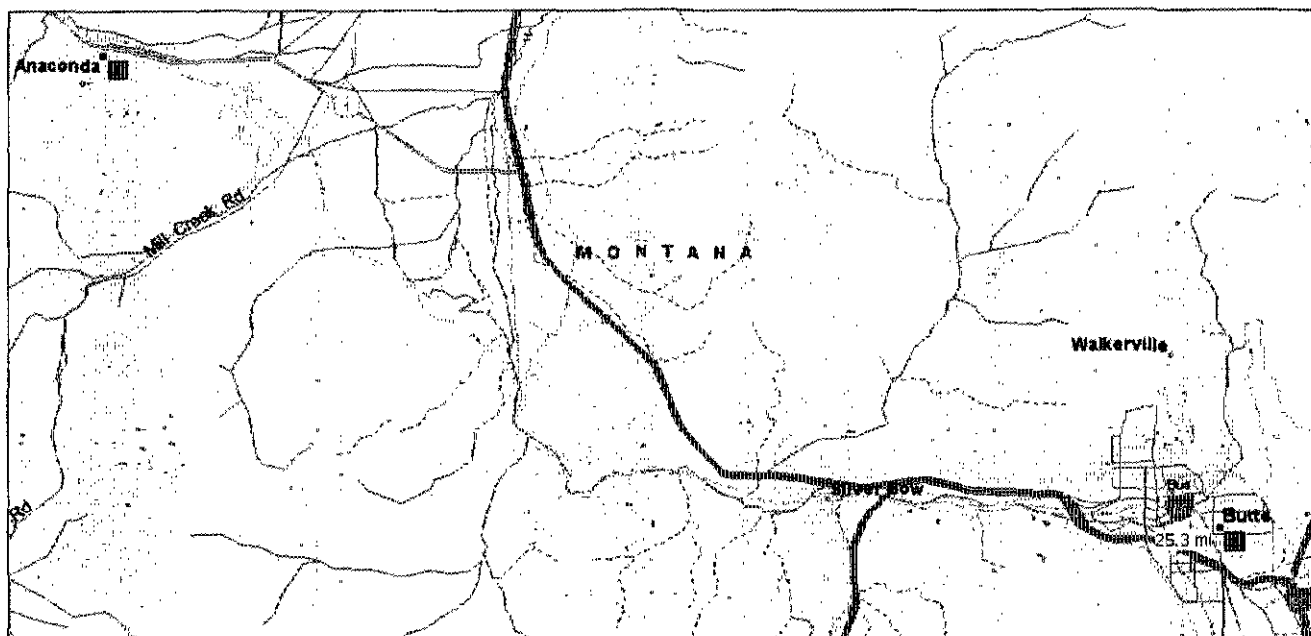
Louis E. Gitomer, Esq.
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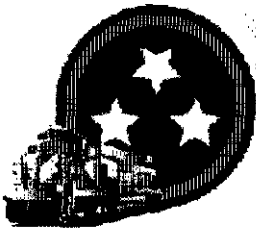
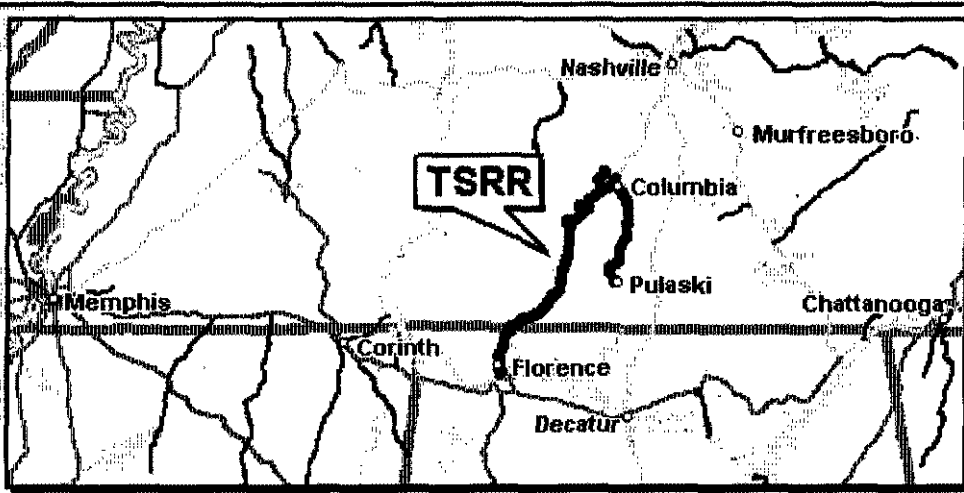
Attorney for PATRIOT RAIL, LLC and
PATRIOT RAIL CORP.

Dated: March 26, 2007

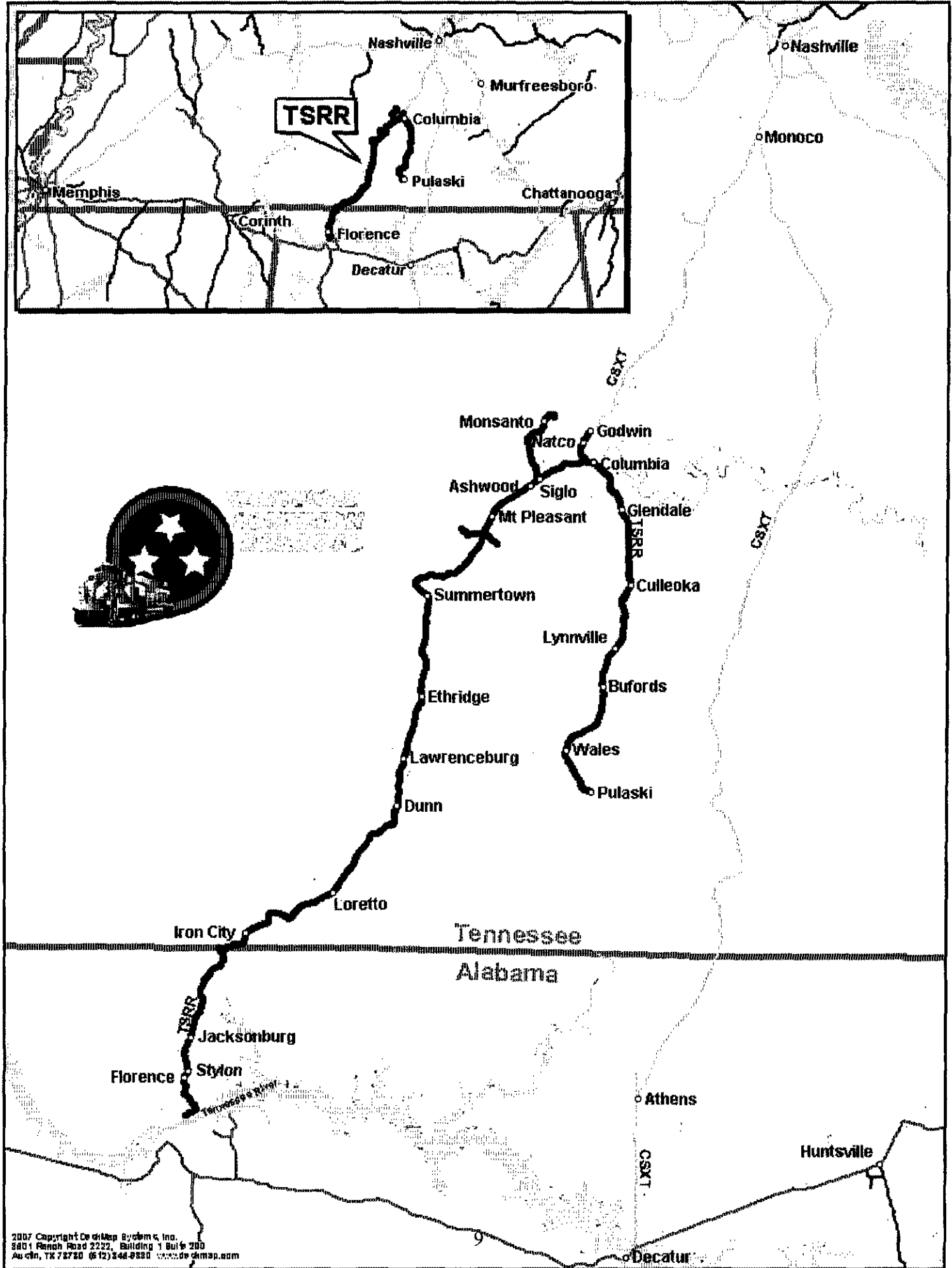
EXHIBIT A--MAPS

A map of the Rarus Railway Company, which is in yellow.





TSRR
Tennessee State Railroad
1868-1968

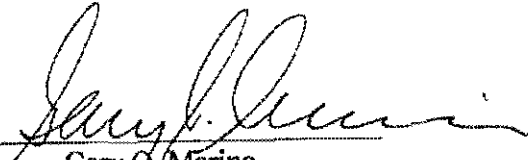


**EXHIBIT B—AGREEMENT
(CONFIDENTIAL ~ FILED UNDER SEAL)**

VERIFICATION

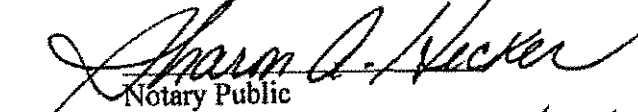
State of Florida)
) ss
County of Palm Beach)

Gary O. Marino, being duly sworn, deposes and says that he is President & Chief Executive Officer of Patriot Rail Corp., a Delaware corporation, and that he has read the foregoing, knows the contents thereof, and that the same are true as stated to the best of his knowledge, information and belief.



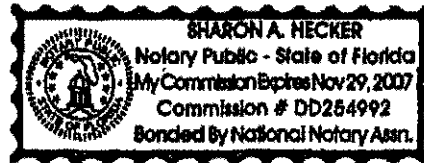
Gary O. Marino

Subscribed and sworn to before me this 23rd day of March 2007.




Notary Public

My Commission expires: 11/29/07



CERTIFICATE OF SERVICE

I hereby certify that I have caused the Verified Notice of Exemption in Finance Docket 35013, *Patriot Rail, LLC and Patriot Rail Corp.-Control Exemption-Rarus Railway Company* to be served by first class mail, postage pre-paid on the Secretary of the United States Department of Transportation, the Attorney General of the United States, the Federal Trade Commission and on the Governor, Public Service Commission, and Department of Transportation of the States of Alabama, Montana, and Tennessee.



Louis E. Gitomer
March 26, 2007